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October 10, 2017

Steven King, Executive Director and Secretary  
Washington Utilities & Transportation Commission  
1300 S. Evergreen Park Drive S.W.  
P.O. Box 47250  
Olympia, Washington 98504-7250

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COMMISSION

**RE: Updated Washington Meter Reading and Billing Practices Tariff, Schedule 180, Tariff WN U-29, Natural Gas Service**

Dear Mr. King:

Attached for filing with the Commission is the Company's proposed tariff revision:

**First Revision Sheet 180**

**Canceling**

**Original Sheet 180**

The purpose of this filing is to update Avista's electric tariff Schedule 180, "Meter Reading and Billing Practice." At the same time as making this tariff filing, the Company made a separate filing to update its Schedule 80, which is an identical tariff, but for electric service. The proposed changes to schedules 180 and 80 are identical to one another. As such, the remainder of the information included in this cover letter is identical to one another.

This past winter, the Company faced some of the worst weather conditions it has experienced in many years when it came to snow and ice. In fact, the month of January 2017 was the coldest on record since 1979.<sup>1</sup> Due to the prolonged periods of snow, which caused unusually large snow berms along area roadways, customers' driveways, and walkways, the Company faced difficulties in reading customers meters on its regularly scheduled meter reading routes. On more than one

<sup>1</sup> Spokesman Review, "Coldest January since 1979 sets the state for new round of snow." February 2, 2017. <http://www.spokesman.com/stories/2017/feb/02/coldest-january-since-1979-sets-the-stage-for-new-/>

occasion the Company was faced with the decision of estimating near entire routes or waiting until weather conditions allowed the Company to return to obtain reads when conditions permitted to do so.

Estimating meter reads is a standard Company practice allowed per our Schedules 80 and 180, along with WAC 480-90-178 and 480-100-178. The Company uses its best effort to minimize the number of estimated bills it generates, as estimated bills may lead to customer confusion, dissatisfaction, and/or frustration. Also, per Schedules 80 and 180, a normal billing period ranges from 27 to 35 days. Typically during winter periods, the Company may not be able to access a single meter on occasion or a few meters if a street is inaccessible. In these instances, the Company will estimate the meter reading in order to provide a normal bill.

As noted, this last winter was different however, such that the Company was unable to read half of a route or more on several occasions. As a result, Avista was faced with the decision of estimating significant portions of certain routes or waiting until a later date to send a meter reader back to obtain actual reads. On multiple occasions the Company chose to not estimate, but rather obtain actual reads, knowing that the reads would be obtained after the normal 35 day billing period. In such cases, when billing for services is more than 35 days, customer's bills were prorated per our tariffs and allowed per WAC 480-90-178 and 480-100-178. The Company chose to wait and obtain actual reads, rather than estimates, in order to provide the most accurate bill possible to customers.

It is the Company's belief that billings based on actual reads are in the customers best interest. When the Company estimates bills it does so based off of historical usage.<sup>2</sup> During winters such as what was just experienced, estimating off of historical usage likely leads to inaccurate estimates when the variation in weather from one winter to the next is so extreme. The Company knew that if it chose to estimate reads that customers' bills would likely be lower than they should be,

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<sup>2</sup> The Company's Customer Information System uses historical usage to determine estimate meter readings. It does not take into consideration weather (heating or cooling degree days). Altering the functionality of the system to consider weather would be a complex customization to the system that would be time consuming and costly.

meaning their following bill when an actual meter read was obtained, the customer would face a large bill as their energy usage was trued up to the actual read.

Because of the severe winter weather, customers' bills were higher than the previous winter. Many customers called to discuss their bills with the Company and more than one customer filed a complaint with the Commission. During the review of a customer complaint, Commission Consumer Affairs Staff (Staff) brought up concerns with the Company's decision to obtain actual meter reads after the 35 day billing period and provide prorated bills. Specifically, Staff was concerned with Section 3 of the Company's Meter Reading and Billing Practice Tariffs, which stated the following:

When other than normal billing periods are caused by the Company, due to modification of meter reading schedules as required by changing conditions, services will be billed on a normal billing period basis, or prorated, whichever produces the smaller bill.

The Company did not perform the analysis to determine if the bills based on a normal billing period basis or prorated bills produced the smaller bills for two reasons: 1) performing this analysis is manual and would have taken a great deal of time to complete, and 2) the Company did not believe this was required as it did not modify its meter reading schedule due to changing conditions. The Company maintained its same meter reading schedules, but was unable to read parts of certain routes. It chose to attempt to try to complete those routes later, while keeping its same schedule in place. Staff did not agree with the Company's decision and the Company faced a number of violations as a result. The Company accepted those violations as the winter conditions it experienced were rare and it recognized that its Meter Reading and Billing Practice tariffs need updating.

The Company contemplated the need for revising its Meter Reading and Billing Practices due to the upcoming installation of Advance Metering Infrastructure (AMI) and the likelihood of experiencing similar winter weather conditions in the future. One benefit of AMI is that the Company will no longer have to physically read meters so the issue discussed above will not happen in the future. With the long duration for the installation of AMI, the Company believes it is still necessary to update its Meter Reading and Billing Practice tariffs at this time.

Prior to this filing, Avista met with Staff on May 22, 2017 and discussed the Company's experience over the course of the winter and potential changes to its Meter Reading and Billing Practice tariffs. The Company and Staff agreed to discuss and work together on potential changes to the Company's tariffs. On June 1, 2017, Avista sent draft revisions of its tariff Schedules 80 and 180 for Staff to review and provide feedback. Communications on the proposed changes continued for several weeks with the Company responding to concerns and answering questions Staff had about the proposed changes. On July 21, 2017, Staff responded to the Company indicating they were satisfied with the Company's responses to their questions and concerns.

The following discussion will provide details on the proposed changes to each section of the Company tariff Schedules 80 and 180, along with a summary of the dialogue between the Company and Staff:

Section 1: No proposed changes.

Section 2: No proposed changes.

Section 3: The Company proposes the following revisions:

When ~~other shorter~~ than normal billing periods are caused by the Customer; i.e., opening an account, services for six days or less will be treated as an addition to the next normal billing period, and the total billed on the basis of a normal billing period. ~~;~~ ~~e~~ Consumptions for seven days or more will be billed as a normal billing period ~~or prorated depending on the number of days in the billing period.;~~ ~~i.e., closing an account, services for 27 to 35 days will be billed as a normal billing period. The billings for services less than 27 and more than 35 days will be prorated.~~

The proposed changes in this section are intended to provide clarity about which situations, when caused by the customer, would cause an abnormal billing period. The primary instance when a customer could cause an abnormal billing period is due to opening an account during the middle of a billing period. Because of this, the Company has proposed to change the verbiage in the first sentence to make this clearer. The additional revisions were intended to provide clarity about billing periods that are seven days or longer. Also, the last sentence was simply moved to its own section, as described below.

Section 4: The Company proposes the following revisions:

When other than normal billing periods are ~~not caused by the Customer; i.e., services longer than 35 days, caused by the Company, due to modification of meter reading schedules as required by changing conditions, services will be billed on a normal billing period basis, or prorated, whichever produces the smaller bill.~~ the Company will attempt to bill the Customer based on actual meter readings. In such cases when an actual meter reading is not available, the Company may estimate the meter reading.

The proposed changes in section 4 are intended to clarify the Company's meter reading and billing practices when other than normal billing periods occur, which are not caused by the customer. First, the Company proposes updating the language of the section from other than normal billing periods "caused by the Company" to other than normal billing periods "not caused by the Customer." The reason for this change is due to "other than normal billing periods" may be caused by the Company or other events, such as weather conditions. When weather is harsh, the Company generally continues to maintain its meter reading schedules. When it is unable to read meters due to weather, it will follow up with a second trip to capture the meter reads it was unable to obtain or estimate the meter readings.

The second change to section 4 was the deletion of the provision that when other than normal billing periods occur, services will be billed on a normal billing period basis, or prorated, whichever produces the smaller bill. The Company's Customer Information System is unable to perform this comparison, meaning it would have to be manually calculated. When a large portion of a route has been estimated it would require a great deal of resources to complete this analysis for each customer, which would not be an efficient use of employee time.

When conditions prevent the Company from obtaining meter reads it will always attempt to first bill the customer on actual meter readings. If an actual read is not available, the Company will use an estimated read for billing purposes. The proposed language as written, provides enough flexibility to the Company to determine what is in the best interest of customers, similar to what it did this past winter, attempt to obtain actual meter reads beyond the 35 day normal billing period and prorate the customers' bills, or estimate the meter reads.

The proposed changes to section 4 generated the most questions and concerns from Staff. First, Staff inquired about the impact of billing periods longer than 35 days pushing customers into

higher cost tiers due to the Company's three tier rate structure. The proration of a bill is based on a 30 day billing period. It is not possible for the proration of a bill over 35 days to push a customer into a higher priced usage tier. Because a prorated bill is based on a 30 day billing period, any usage above 30 days is allocated to each tier based on how the usage for the first 30 days was spread across each tier.<sup>3</sup> Thus the only way for a customer to have usage in the second or third tier with a prorated bill is if they had enough usage to reach those tiers during the first 30 days.

Second, Staff was concerned about customers potentially getting multiple billing statements closer together than they otherwise would have. If the Company obtained an actual meter read beyond the 35 day normal billing period, it would be possible for a customer to receive two billing statements closer together than normal. For example, in the case of a 38 day bill a customer would receive the following bill in approximately 3 weeks. It is important to note that with each bill the customer has over 20 days to pay prior to the bill becoming past due. Also, this would only be a few days closer than what a customer may currently experience. In terms of generating a bill, bills are normally generated two days after the scheduled regular meter read date. In the case of generating the bill after getting a read beyond the scheduled date, the bill should be produced and sent to customers in approximately two days. If a customer faces a hardship because they received two bills a few days closer together than they otherwise normally would, the Company will work with the customer the same way they do in any situation. The Company will review the customer's account and offer payment arrangements or pay-plans accordingly. Again, customers have over 20 days to pay each bill and if a situation like that discussed above were to arise, the bills would only be up to a few days closer together than what they currently may experience.

Section 5: No proposed changes.

Section 6: The Company proposes the following revisions:

Where the Company's meter reader is unable to gain access to the premises to read the meter on ~~his~~ the regular meter trip, the Company may estimate meter readings, ~~or may attempt to obtain the meter read at a later date,~~ or may request that the Customer ~~to send in the provide the~~ meter reading ~~on a post card furnished by the Company.~~

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<sup>3</sup> Staff had additional questions about the Company's proration practices. After further discussion regarding the ability to prorate as mentioned in WAC 480-90-178 and 480-100-178, and in reviewing the tariffs of Puget Sound Energy, PacifiCorp, and Northwest Natural gas related to proration of bills, Staff's was satisfied with the Company's responses to their additional questions.

The proposed changes in section 6 are intended to clean up the tariff language in addition to adding a provision that the Company may attempt to obtain the meter reading at a later date. First, the Company no longer furnishes post cards for customers to supply meter readings. If the Company requests that the Customer provide a meter reading it may be through one of several forms of communication. By removing the provision that the Customer will provide the meter reading on a post card furnished by the Company it provides flexibility in how the customer may provide the meter reading.

The addition of the provision about obtaining a meter read at a later date aligns with the Company's meter reading practices. If the meter read is obtained during within a 35 day billing period the customer will be billed on the basis of a normal billing period. If the meter read is obtained after 35 days the customer's bill will be prorated per Section 7. It should be noted that in most cases when a meter reader is unable to read a meter that the customer's meter read will be estimated. In such events as what the Company experienced this past winter discussed above, the Company may attempt to obtain meter readings with a second meter reading trip.

Section 7: The Company proposes the following revisions:

The billings for services less than 27 days or more than 35 days will be prorated.

This section was moved from Section 3 to its own section as the provision applies to all situations when billing for services is less than 27 days or more than 35 days. By moving this to its own section it has not impact on the Company's meter reading and billing practices. This section was not of concern or issue in discussions with Commission Staff.

Section 8: This section was moved from Section 7 due to the addition of the language in Section 7. Apart from being moved to Section 8, there are no proposed changes.

To summarize, the purpose of this tariff filing is to provide flexibility to the Company to make a decision for what it believes is in its customers' best interest regarding its meter reading and billing practices during extreme weather events, such as what was experienced during the winter of 2016/2017. Only on rare occasions would the Company decide to obtain actual meter readings after the 35 day billing period and prorate customers' bills. The Company's standard practice will

continue to be to obtain an actual meter read during the normal billing period and estimate meter reads when actual reads are not available.

The Company requests that the tariff revisions described herein become effective on November 13, 2017. If you have any questions regarding this filing, please contact Shawn Bonfield at 509-495-2782 or [shawn.bonfield@avistacorp.com](mailto:shawn.bonfield@avistacorp.com).

Sincerely,

*/s/ Linda Gervais*

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